

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

CHAPTER 300 - Resources

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305.01.02 **ENCUMBRANCE OF A LIQUID RESOURCE (LIBERALIZED POLICY)**

Under liberalized resource policy, an encumbrance may occur when the applicant/recipient has alleged a check has been written from a bank account, and it has not yet cleared the bank.

Procedure
<p>Alleged Check has not Cleared the Bank</p> <p>If the individual has alleged a check has been written from a bank account and it has not cleared, the specialist must</p> <ul style="list-style-type: none">Examine evidence that the check was written, therefore legally obligating the funds from the bank account. <p>Verification must be obtained before allowing a reduced equity value of the bank account. Once verification is received, the equity value of the bank account can be established by deducting the amount of the check written.</p> <p>Verifications needed:</p> <ul style="list-style-type: none">Paid receipt, cancelled check, etc. <p>Example: Mr. Jon Doe applied for Medicaid on January 4. As of January 31, Mr. Doe's bank statement shows a checking account balance of \$2,350, which combined with other countable resources, exceeds \$4000. Mr. Doe alleges that the balance includes his rent check of \$500 which he wrote and gave to the landlord on January 22, but his landlord has not yet cashed the check.</p> <p>The specialist examines Mr. Doe's check register and finds an annotation for check number 1345 written on January 22 for \$500. Since there is evidence Mr. Doe has written the check from the account, the specialist can deduct the amount of the uncashed check since it is an encumbrance.</p> <p>In determining equity value of the bank account, the encumbrance of \$500 is deducted from the \$2,350 in the bank account. Eligibility can be established for Mr. Doe for January if he is otherwise eligible.</p>